

K00A.05 – DEPARTMENT OF NATURAL RESOURCES
PAYGO Capital Budget Response
Fiscal Year 2007

Department of Legislative Services' Recommended Actions

1. Delete \$5.0 million in GO bond funding for the Rural Legacy Program

The Department opposes the recommended action

Rural Legacy currently has \$101.4 M in funding requests for FY 2007. The full allowance, including the \$5 M in GO bonds, can only address 31% of the current request. It is important to measure the FY 2007 funding in relation to all of the prior year funding levels and against the sponsor funding requests. Although the proposed PAYGO allowance represents an increase from FY 2004 and FY 2005 Rural Legacy Program (RLP) funding, it is well below the FY 2000 through 2003 funding levels.

The FY 2003-2005 reduction in funding created a backlog of projects. In addition, acreage values have rapidly increased. Therefore, it is essential that the appropriation for the Rural Legacy Program include the \$5 M in GO bond funding in order to address the \$101.4 M in requests, the backlog created by the prior year funding reductions, and to continue progress in conservation efforts despite of rapidly increasing land values. The entire appropriation will enable us to address 31% of the FY 2007 requests for grant funds.

Additionally, Rural Legacy is statutorily required to have a minimum GO Bond allocation of \$5 million per fiscal year. While the transfer tax revenues may be at record highs, part of the Rural Legacy funding formula is capped at a fixed amount (\$8 million). The other part of the formula that makes up the Rural Legacy funding is a fixed percentage. With the exception of the Heritage Areas Authority, every other program funding by the transfer tax grows as the transfer tax grows, without limits. The GO Bond fund allocation is designed not only to guarantee a minimum level of funding for the program, but to also serve as a source of funding to make up for the unique funding cap.

Overview Issues

1. *Transfer Tax Revenue Provides Record High Program Funding*

DNR should brief the committees on the State's current land conservation goal as well as the projected impact the fiscal 2007 budget allowance would have on meeting this goal.

A statewide land conservation goal was established in response to a Joint Chairman's Report item from 2004. The goal is based on statutory requirements

and science. The chart below is an update from the Land Preservation Goals Report. The overall objective is a strategic approach to protect these significant natural, agricultural and recreational resources rather than simply achieving a numerical land conservation acreage goal.

Land Conservation Goals (Acres) by Methodology and Policy

Policy or Methodology	Unprotected Acres	Protected	Total Acreage
Maryland's Green Infrastructure	1,464,327	535,673	2,000,000
Gaps in the Green Infrastructure	319,000	56,000*	375,000
Prime Agricultural Lands (SJ 10)	616,385	413,615	1,030,000
Local Recreation Lands (identified in LPRP in FY 05)	62,022	124,728	186,750
Total Land Area To Be Protected	2,461,734	1,130,016	3,591,750
* These gaps may be protected but are not at present contributing to the Green Infrastructure. However there is potential for restoration opportunities.			

The rationale behind the goal is described in the Land Preservation Goals Report (attached). This report builds upon the conservation focus detailed in Maryland's Land Conservation Programs Report, prepared for the Board of Public Works in December 2003. The goals were generated by a proactive, systematic and multifunctional approach to conservation targeting using the best science to identify important lands for protection. The Green Infrastructure Analysis incorporates a number of resource values, including large blocks of contiguous forestland and wetland complexes, waterfowl concentration and staging areas, and rare, threatened and endangered species.

It should be noted that the numerical goals may not include all of the in-holdings in state-managed areas and critical lands that are necessary to restore water quality to the Chesapeake Bay and its tributaries, including lands with high restoration potential for riparian buffers, enhance green infrastructure connections and hubs, and protect Ecologically Sensitive Areas and Strategic Forestlands outside of the Green Infrastructure. Further refinement of these goals is anticipated upon the completion of the state and local Land Preservation and Recreation Plans in 2006. Careful tracking of acreage and resources of protected lands will resolve any overlap in the counting of parcels with multiple resource values such as recreation land or prime agricultural land with green infrastructure.

The impact of the fiscal year 2007 budget allowance will promote the agency's ability to meet this goal by protecting properties, given the development pressure within

Maryland, the rising property values and the prior limitations on land conservation funding. An exact numerical impact is unknown at this time.

2. ***Inadequate Operating funds to support proposed Capital Program expansion?***
DNR and DBM should discuss the apparent disconnect between the reduced positions and minimal funding increases for capital project management in DNR's fiscal 2007 operating allowance and the significant program funding increases in DNR's fiscal 2007 PAYGO allowance. DNR should discuss how it would ensure that a significant increase in fiscal year 2007 PAYGO program funding would be spent strategically and expeditiously.

The department is currently reviewing staffing levels for units that have increased programmatic responsibilities with the increase in the transfer tax revenues. The Department has initiated requests to the Department of Budget and Management, to fill five positions within the Capital Programs. From the Operating budget side, the Department has taken efforts to streamline specification preparations and the bidding process to involve more contractors and reduce bid period consistent with current procurement regulations. In conjunction with DGS, the procurement authority has been increased and DNR is now bidding more projects directly. Beyond this, the Department is awaiting the final outcome of the fiscal year 2007 PAYGO final appropriation.

In order to insure the fiscal year 2007 PAYGO allowance will be spent strategically and expeditiously, DNR plans to rely more upon our partners to assist us with spending the Capital funds. Local land trusts and County governments lend major assistance to Rural Legacy and Waterway grant and contract spending efforts. Program Open Space is also looking more at working with local governments to target large, contiguous properties within the Green Infrastructure and combine state and local acquisition dollars to achieve land conservation and recreation goals. Local governments can also accept responsibility for the management of such properties. A greater reliance on local land trusts or "partnering" is also proving to be of great assistance in protecting ecologically significant properties.

3. ***Dealing with dwellings on conservation lands***
DNR should discuss that status of its efforts to certify and rehab 163 structures and describe its efforts to minimize the acquisition of additional structures and ensure that newly acquired structures are safe and well managed.

The Department is progressing through various phases to complete this task, including notifying renters of upcoming assessments. The department is assessing each house for structural and environmental conditions, inspecting each structure for evidence of lead-based paint in accordance with MDE regulations

and contracting for work, as necessary, to bring each house into compliance with those regulations.

DNR and MDE have entered into a Consent Agreement that provides a completion schedule for lead certification of our structures and we are working successfully towards that goal.

Program Open Space – Acquisition & Local Program (Statewide)

Issues

None

Recommended Actions

1. Concur with Governor's Allowance

The fiscal year 2007 allowance provides for \$257.2 million allocated to several programs: \$113.0 million for State land conservation efforts, \$136.1 million for local land conservation and recreation programs, \$6.5 million for the Heritage Conservation Fund and \$1.5 million for park operation and maintenance in Baltimore City.

Program Open Space – Critical Maintenance Projects and Capital Development (Statewide)

Issues

None

Program Performance Analysis

Criteria to differentiate between Critical Maintenance Projects and Capital Development Projects

The practical difference between Critical Maintenance and Capital projects is a reflection of cost and the type of project proposed (new improvement, major improvement, regular maintenance of existing structure, etc.).

A Critical Maintenance Project is one that stabilizes/restores the structural integrity of an existing improvement on State land and will generally cost less than \$150,000. Exceptions to that limit are repaving and some shower building/bathhouse rehabilitation projects. Critical Maintenance is not custodial, i.e., minor painting touchup, tree trimming, gutter cleaning, etc.

A Capital Development Project, consistent with the master plan developed for the facility, is defined in DBM's guidance document as: "A Capital Project [that] will have a useful life expectancy at least as long as the bond issue funding the project, i.e., 15 years." Capital projects must also meet the requirements of Section 3-602 of the Maryland Code, including: "... except for a capital project designated as an emergency by the unit of the State government proposing the project, any unit of the State government requesting a capital project shall submit its request to the Department on or before June 30 of the fiscal year preceding the fiscal year in which the capital project is to begin"; and, the submitting Agency shall study the project and submit a design program for review and approval by DBM.

Capital projects are generally estimated to cost over \$150,000, and many are first time improvements for a facility, but not necessarily. The project could be a new roadway; new comfort station(s); new exhibits, etc. A capital project can also be a major improvement to a Park or management area such as a central sewer system; replacement of one or more old comfort stations, etc.

Status of the Critical Maintenance backlog

Most Parks were developed in the 1960's and early 1970's. The infrastructure is now 40 - 50 years old and the very long lived elements are beginning to wear-out. Elements such as drainage fields, water supply and electric supply lines have to be replaced and are very expensive. Costs have risen due to changes in building codes, health and environmental requirements, and rising fuel costs. A number of projects on the Critical Maintenance list are estimated over \$150,000. The current total estimated value of the backlog is approximately \$33M. While this number is significantly higher than past numbers, it should be noted that DNR has become much more accurate in its tracking of projects and the increase is due more to accurate field reporting than new projects arising.

Performance measures to track progress toward addressing backlog

Our MFR tracks completion of Critical Maintenance Projects. Performance is determined based on an amalgam of criteria, i.e., number of projects completed - design and/or construction, dollar value of projects completed.

The large increase in the backlog of unfunded CM projects is due in part to a better reporting system initiated last year. We have worked to better educate our facility managers to improve the inspection and analysis of our facilities to determine what work needs to be done. We will continue to monitor the backlog and determine the basis for increasing our request.

DNR should comment on the need to dedicate additional funds toward addressing the critical maintenance backlog, as well as DNR's capacity to manage additional critical maintenance funds.

Limitations on the number of projects that can be completed in a year include staff size in Engineering & Construction and in the many Units and agencies with which we interact during the various stages of project completion. Other factors that figure into the number of projects that can be completed in a year are the availability of contractors bidding on projects (how much private work that is

available for those contractors), subcontractor availability, supply of building materials, and manufacturing time.

Furthermore, any additional funding would have to come from either new funding sources or a statutory change in the allocation of the transfer tax. Given the above-listed constraints, such a change in the transfer tax allocation would be imprudent.

DNR should discuss why the total costs associated with the Gunpowder Falls and Fort Frederick State Park projects have escalated significantly over the past two years.

General: Estimated increases in projects are driven by escalating costs in the construction industry. Fuel costs are a large part of the direct costs contractors base their prices and fuel costs have skyrocketed over the last two years. Material costs continue to climb in response to increased construction activities in Maryland and in the US, specifically in Gulf region where there has been a huge increase in material demands since Hurricane Katrina.

Gunpowder - Hammerman: The increase in costs for this project is directly related to the bids received for this project. First bid in 2004 the low bid was approximately 60% over budget. The project has been re-evaluated and value engineered to manage escalating construction costs.

Fort Frederick, Officer Quarters (Governor's House): This project is in the design phase and will be a historically accurate re-creation of the original structure. The estimated cost described in the CEW is an updated estimate based on more recent construction prices.

Recommended Actions

1. Concur with Governor's Allowance

The fiscal year 2007 provides \$4,000,000 Critical Maintenance, \$12,551,000 Capital Development funds to complete seven projects, \$1,000,000 Ocean Beach Maintenance, and \$640,000 Dam Rehabilitation.

Rural Legacy Program (Statewide)

Issues

None

Program Performance Analysis

DNR should discuss the current and anticipated number of easements and fee simple acres and whether it will be able to expend the proposed level of fiscal 2007 program funding in a timely manner.

Based on the Governor's proposed budget FY 07 budget of \$31, 050,000, 5,405 acres are projected for protection under the Rural Legacy Program. This projection is based on an average Rural Legacy Area cost per acre of \$5,744 which includes the direct, indirect, administrative, and stewardship costs of each transaction. The number of easements cannot be projected since this depends upon the Rural Legacy Areas that receive grants and the size of the properties proposed in each grant agreement. However, since most RLP easement properties are relatively large, based on an assumption of a 100- 200 acres per easement, the number of easements could range from 54-27.

When FY 07 funds become available, the applications will be reviewed according to the process set forth in statute, the funding will be encumbered by the BPW and grant agreements between the Rural Legacy Program sponsors (local government and local land trusts) and DNR will be executed. Sponsors will have twelve months to expend the funds upon execution of the grant agreement. Since sponsors have established an initial level of landowner interest prior to grant execution, they projects are generally accomplished in less than the 12-month period, depending upon the time to contract for surveys and titles.

Recommended Actions

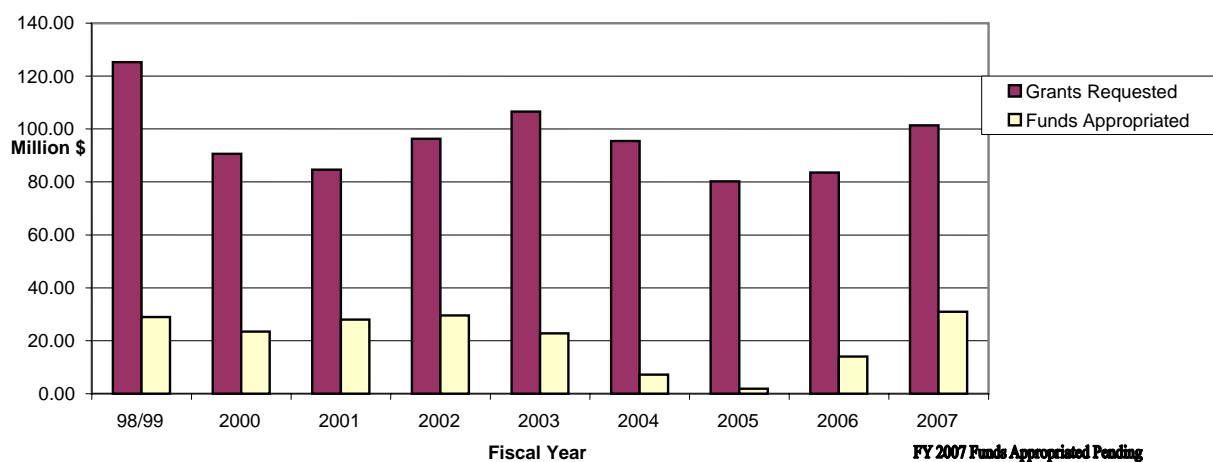
1. Delete \$5.0 million in GO Bond funding for the Rural Legacy Program

The Department opposes the recommended action

Rural Legacy currently has \$101.4 M in funding requests for FY 2007. The full allowance, including the \$5 M in GO bonds, can only address 31% of the current request. It is important to measure the FY 2007 funding in relation to all of the prior year funding levels and against the sponsor funding requests. Although the proposed Pay-Go allowance represents an increase from FY 2004 and FY 2005 Rural Legacy Program (RLP) funding, it is well below the FY 2000 through 2003 funding levels.

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Rural Legacy Grant Request vs Appropriated History



Fiscal Year	98/99	2000	2001	2002	2003	2004	2005	2006	2007
Grants Requested	125.22	90.64	84.61	96.31	106.56	95.44	80.30	83.60	101.43
Funds Appropriated	29.00	23.50	28.00	29.60	22.80	7.25	2.00	14.02	31.05*
Percent awarded of requested:	23.16%	25.93%	33.09%	30.73%	21.40%	7.60%	2.49%	16.77%	30.61%

* FY2007 Funds appropriated - Pending

RURAL LEGACY PROGRAM - Fiscal Year 2007 Applications

Area Name		County	Area Acres	Protection Goal acres	Protection Goal %	Undeveloped Land acres	Undev. %	Protected Land acres	Prot. %	2007 Acquire acres	Ave. Cost per acre*	Grant Request
Agricultural Security Corridor	Eastern Shore Land Conservancy	CA DO CE KE TA	43,674	28,670	65.65%	41,296	94.56%	15,853	36.30%	6,767	\$2,062.00	\$13,848,392.00
Anne Arundel	Anne Arundel Co	AA	32,421	20,000	61.69%	26,481	81.68%	11,807	36.42%	535	\$13,000.00	\$5,000,000.00
Baltimore Co Coastal	Baltimore County	BA	14,711	11,225	76.30%	12,889	87.61%	8,433	57.32%	305	\$6,150.00	\$2,467,950.00
Bear Creek	Garrett County	GA	31,437	10,000	31.81%	29,000	92.25%	5,056	16.08%	1,000	\$2,132.00	\$2,132,500.00
Calvert Creeks	Calvert County	CV	20,527	15,781	76.88%	19,677	95.86%	12,574	61.26%	500	\$11,400.00	\$1,052,500.00
Carrollton Manor	Carrollton Manor Land Trust & Frederick Co	FR	38,265	23,039	60.21%	31,797	83.10%	8,304	21.70%	1,560	\$4,000.00	\$6,392,400.00
Chino Farms	Queen Anne's Co	QA	6,880	6,674	97.01%	6,536	95.00%	5,219	75.86%	1,005	\$6,000.00	\$5,540,000.00
Coastal Bays	Worcester County	WO	26,110	20,000	76.60%	25,660	98.28%	13,100	50.17%	680	\$2,500.00	\$1,500,000.00
Fair Hill	Cecil Land Trust	CE	16,045	12,034	75.00%	12,514	77.99%	7,843	48.88%	322	\$3,465.00	\$1,234,041.00
Huntersville	Patuxent Tidewater Land Trust	SM	8,357	4,850	58.04%	6,941	83.06%	3,300	39.49%	427	\$5,325.00	\$1,707,462.00
Lands End	Queen Anne's Co	QA	3,752	2,439	65.01%	3,602	96.00%	1,857	49.49%	317	\$7,500.00	\$1,162,500.00
Little Pipe Creek	Carroll Co	CR	24,941	20,000	80.19%	20,941	83.96%	11,023	44.20%	1,000	\$5,850.00	\$2,850,000.00
Lower Deer Creek	Harford Co	HA	40,092	25,000	62.36%	33,131	82.64%	18,219	45.44%	2,570	\$4,950.00	\$11,565,000.00
Mattapany	Patuxent Tidewater Land Trust	SM	13,703	12,500	91.22%	10,886	79.44%	2,049	14.95%	1,111	\$11,626.00	\$6,774,625.00
Mid-Maryland Frederick	Frederick Co & Mid-Md Land Trust Assoc	FR	26,351	17,267	65.53%	23,426	88.90%	10,807	41.01%	1,100	\$5,100.00	\$5,097,500.00
Mid-Maryland Montgomery	Montgomery Co	MO	49,907	44,750	89.67%	44,659	89.48%	41,433	83.02%	157	\$7,462.00	\$1,171,525.00
Mid-Maryland Washington	Washington Co	WA	42,849	23,300	54.38%	38,254	89.28%	14,510	33.86%	1,115	\$4,800.00	\$5,681,840.00
Nanticoke	TNC, TCF, Dorchester	DO	21,250	16,800	79.06%	20,615	97.01%	9,935	46.75%	820	\$3,050.00	\$2,100,000.00
North Calvert	Calvert County	CV	10,515	6,833	64.98%	9,702	92.27%	4,600	43.75%	110	\$9,300.00	\$1,052,500.00
Piney Run	Land Preservation Trust	BA	32,320	23,819	73.70%	27,888	86.29%	13,726	42.47%	1,000	\$5,064.00	\$6,054,200.00
Quantico Creek	Wicomico County	WI	13,637	5,000	36.66%	9,137	67.00%	4,042	29.64%	1,000	\$3,000.00	\$3,330,000.00
Upper Patapsco Watershed	Carroll Co	CR	14,145	10,000	70.70%	13,650	96.50%	3,340	23.61%	500	\$6,250.00	\$2,750,000.00
Zekiah Watershed	Charles Co	CH	31,000	21,700	70.00%	26,000	83.87%	5,750	18.55%	1,000	\$3,000.00	\$3,000,000.00

Expanded Applications (E=Expanded area)

Area Name		County	Area Acres	Protection Goal acres	Protection Goal %	Undeveloped Land acres	Undev. %	Protected Land acres	Prot. %	2007 Acquire acres	Ave. Cost per acre*	Grant Request
Gunpowder (E)	Gunpowder Valley Conservancy	BA	13,432 (5,468)	8,220	61.20%	10,325	76.87%	4,275	31.83%	600	\$5,840.00	\$3,504,000.00
Long Green Valley (E)	Long Green Valley Conservancy	BA	25,252 (6,000)	14,856	58.83%	18,052	71.49%	7,356	29.13%	550	\$5,200.00	\$3,011,700.00
Manor (E)	The Manor Conservancy	BA, HA	28,434 (17,027)	24,169	85.00%	25,139	88.41%	12,494	43.94%	287	\$5,325.00	\$1,459,018.00

TOTALS: 630,007 26,338 \$101,439,653.00

* Average cost per acre includes land and transactional costs

(acquire acres)

Applications submitted Feb. 7, 2006

Ocean City Beach Maintenance Local Share (Worcester County)

Issues

None

Recommended Actions

1. Concur with Governor's Allowance

The annual contribution to the Ocean City Beach Maintenance Fund remains at the same level as the past six fiscal years, in accordance with the State's legal commitment. A major periodic nourishment project is scheduled for FY2006.

Waterway Improvement Program (Statewide)

Issues

None

Recommended Actions

1. Concur with Governor's Allowance

The fiscal year 2007 allowance provides \$26,000,000 for waterway projects around the State.

Shore Erosion Control Loan Program (Statewide)

Issues

None

Program Performance Analysis

DNR should discuss why the program had far less impact in fiscal 2005 than in fiscal 2003.

There are two reasons for the apparent difference between the two years. First the total funds available in FY 2005 were approximately 37% less than FY 2003. Second, costs for shore erosion control can vary greatly from one site to the next, depending on the natural conditions. Site conditions can cause a variance of as much as 2 or 3 times the "per foot" cost from one site to the next.

Recommended Actions

1. Concur with Governor's Allowance

\$800,000 of Shore Erosion Revolving Loan Fund will be made available for loans to protect shoreline from erosion.

KA.00 – DEPARTMENT OF NATURAL RESOURCES

Capital Budget Response

Fiscal Year 2007

Capital Budget Summary

DNR'S RESPONSE TO DLS' RECOMMENDATIONS

Summary of Recommended Actions – Fiscal 2007 - Bonds

- 1. Disapprove \$5.0 million in general obligation bonds funds for the Rural Legacy Program. With this reduction, \$26.1 million would still be provided for the program, which is considerably more than the program's \$14.0 million fiscal year 2006 appropriation.**

DNR opposes the recommendation.

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Rural Legacy Program (Statewide)

Issues

DNR should discuss the current and anticipated number of easement and fee simple acres and whether it will be able to expend the proposed level of fiscal 2007 program funding in a timely manner.

Based on the Governor's proposed budget FY 07 budget of \$31,050,000, 5,405 acres are projected for protection under the Rural Legacy Program. This projection is based on an average Rural Legacy Area cost per acre of \$5,744 which includes the direct, indirect, administrative, and stewardship costs of each transaction. The number of easements cannot be projected since this depends upon the Rural Legacy Areas that receive grants and the size of the properties proposed in each grant agreement. However, since most RLP easement properties are relatively large, based on an assumption of a 100- 200 acres per easement, the number of easements could range from 54-27.

When FY 07 funds become available, the applications will be reviewed according to the process set forth in statute, the funding will be encumbered by the BPW and grant agreements between the Rural Legacy Program sponsors (local government and local land trusts) and DNR will be executed. Sponsors will have twelve months to expend the funds upon execution of the grant agreement. Since sponsors have established an initial level of landowner interest prior to grant execution, the projects are generally accomplished in less than the 12-month period, depending upon the time to contract for surveys and titles.

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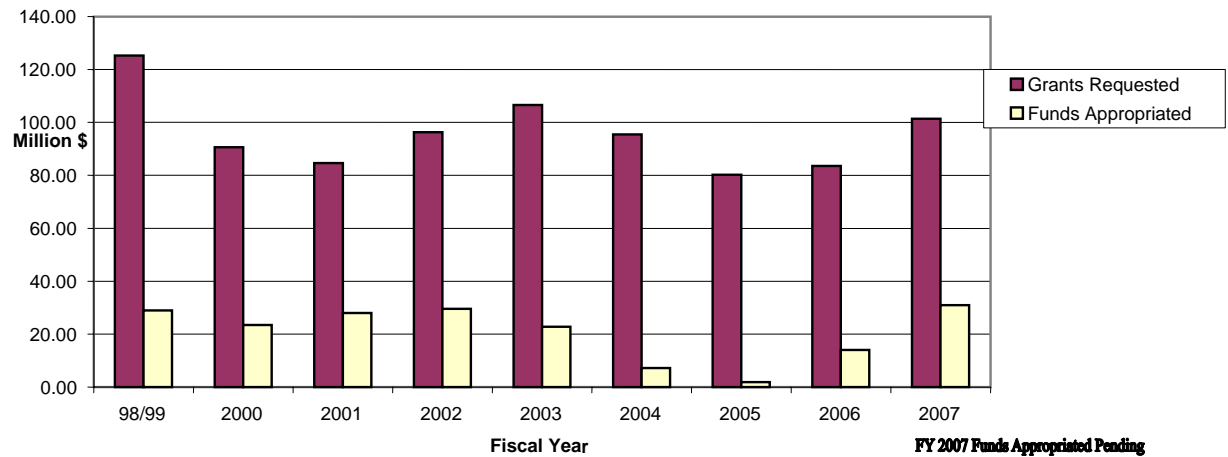
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Rural Legacy Grant Request vs Appropriated History



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RURAL LEGACY PROGRAM - Fiscal Year 2007 Applications

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Baltimore Co Coastal	Baltimore County	BA	14,711	11,225	76.30%	12,889	87.61%	8,433	57.32%	305	\$6,150.00	\$2,467,950.00
Bear Creek	Garrett County	GA	31,437	10,000	31.81%	29,000	92.25%	5,056	16.08%	1,000	\$2,132.00	\$2,132,500.00
Calvert Creeks	Calvert County	CV	20,527	15,781	76.88%	19,677	95.86%	12,574	61.26%	500	\$11,400.00	\$1,052,500.00
Carrollton Manor	Carrollton Manor Land Trust & Frederick Co	FR	38,265	23,039	60.21%	31,797	83.10%	8,304	21.70%	1,560	\$4,000.00	\$6,392,400.00
Chino Farms	Queen Anne's Co	QA	6,880	6,674	97.01%	6,536	95.00%	5,219	75.86%	1,005	\$6,000.00	\$5,540,000.00
Coastal Bays	Worcester County	WO	26,110	20,000	76.60%	25,660	98.28%	13,100	50.17%	680	\$2,500.00	\$1,500,000.00
Fair Hill	Cecil Land Trust	CE	16,045	12,034	75.00%	12,514	77.99%	7,843	48.88%	322	\$3,465.00	\$1,234,041.00
Huntersville	Patuxent Tidewater Land Trust	SM	8,357	4,850	58.04%	6,941	83.06%	3,300	39.49%	427	\$5,325.00	\$1,707,462.00
Lands End	Queen Anne's Co	QA	3,752	2,439	65.01%	3,602	96.00%	1,857	49.49%	317	\$7,500.00	\$1,162,500.00
Little Pipe Creek	Carroll Co	CR	24,941	20,000	80.19%	20,941	83.96%	11,023	44.20%	1,000	\$5,850.00	\$2,850,000.00
Lower Deer Creek	Harford Co	HA	40,092	25,000	62.36%	33,131	82.64%	18,219	45.44%	2,570	\$4,950.00	\$11,565,000.00
Mattapany	Patuxent Tidewater Land Trust	SM	13,703	12,500	91.22%	10,886	79.44%	2,049	14.95%	1,111	\$11,626.00	\$6,774,625.00
Mid-Maryland Frederick	Frederick Co & Mid-Md Land Trust Assoc	FR	26,351	17,267	65.53%	23,426	88.90%	10,807	41.01%	1,100	\$5,100.00	\$5,097,500.00
Mid-Maryland Montgomery	Montgomery Co	MO	49,907	44,750	89.67%	44,659	89.48%	41,433	83.02%	157	\$7,462.00	\$1,171,525.00
Mid-Maryland Washington	Washington Co	WA	42,849	23,300	54.38%	38,254	89.28%	14,510	33.86%	1,115	\$4,800.00	\$5,681,840.00
Nanticoke	TNC, TCF, Dorchester	DO	21,250	16,800	79.06%	20,615	97.01%	9,935	46.75%	820	\$3,050.00	\$2,100,000.00
North Calvert	Calvert County	CV	10,515	6,833	64.98%	9,702	92.27%	4,600	43.75%	110	\$9,300.00	\$1,052,500.00
Piney Run	Land Preservation Trust	BA	32,320	23,819	73.70%	27,888	86.29%	13,726	42.47%	1,000	\$5,064.00	\$6,054,200.00
Quantico Creek	Wicomico County	WI	13,637	5,000	36.66%	9,137	67.00%	4,042	29.64%	1,000	\$3,000.00	\$3,330,000.00
Upper Patapsco Watershed	Carroll Co	CR	14,145	10,000	70.70%	13,650	96.50%	3,340	23.61%	500	\$6,250.00	\$2,750,000.00
Zekiah Watershed	Charles Co	CH	31,000	21,700	70.00%	26,000	83.87%	5,750	18.55%	1,000	\$3,000.00	\$3,000,000.00

Expanded Applications (E=Expanded area)

Area Name		County	Area Acres	Protection Goal acres	Protection Goal %	Undeveloped Land acres	Undev. %	Protected Land acres	Prot. %	2007 Acquire acres	Ave. Cost per acre*	Grant Request
Gunpowder (E)	Gunpowder Valley Conservancy	BA	13,432 (5,468)	8,220	61.20%	10,325	76.87%	4,275	31.83%	600	\$5,840.00	\$3,504,000.00
Long Green Valley (E)	Long Green Valley Conservancy	BA	25,252 (6,000)	14,856	58.83%	18,052	71.49%	7,356	29.13%	550	\$5,200.00	\$3,011,700.00
Manor (E)	The Manor Conservancy	BA, HA	28,434 (17,027)	24,169	85.00%	25,139	88.41%	12,494	43.94%	287	\$5,325.00	\$1,459,018.00

TOTALS: 630,007 26,338 \$101,439,653.00

* Average cost per acre includes land and transactional costs

(acquire acres)

Applications submitted Feb. 7, 2006

Community Parks and Playgrounds Program (Statewide)

1. The Department should discuss why \$4.1 million in fiscal year 2004 and prior year program funds have still not been expended.

All of the funds appropriated to the Community Parks and Playgrounds Program have been dedicated to projects through the award of contracts/grants to local governments and municipalities. These projects are reimbursable - the \$4.1 million represents funding for which the local governments have not yet requested reimbursement because projects are not complete. While partial reimbursement requests are permitted, the Program prefers that grantees submit one final reimbursement request only after all work is completed and the project has passed a final on-site inspection by Program Open Space staff. The amount of funds shown as expended on the Program's financial records is not indicative of the amount of funds expended to date by the grantees.

The following are examples of the steps in the process that can result in two to three years before completion of a project.

Solicitation & Selection

Community Parks and Playgrounds projects are not solicited from local government until the funding legislation is signed by the Governor. This means that Board of Public Works approval of the selected projects often is not obtained until about half way through the respective fiscal year. FY 2005 projects were approved by the Board in January 2005. This process changed for FY 2007. **The projects for FY 2007 were selected in FY 2006 so that they would be ready to proceed if, in fact, funds were appropriated. This should help to speed the process.**

Local Budget Process

After the BPW approval, several local governments needed to obtain local approval of their projects through their budget process. This could delay final project approval until the following early summer of the funding fiscal year.

Proposals & Bids

After budget approval, requests for proposals need to be advertised, bids received, assembled, reviewed and awarded. Project equipment, such as playground equipment, needs to be ordered and if site preparation is required it may be delayed until good weather the following spring.

Reimbursement Request

Grant recipients do not request reimbursement for their expenditures until they have completed all aspects of their grant proposal that may have been planned in phases. The CP&P phase may have been part of the last phase of development and therefore requests for reimbursement are delayed.

Recommended Actions

Approve

Oyster Restoration Program

The Department of Natural Resources should be prepared to discuss why funding is estimated to cease in fiscal year 2011, as well as the measurable impact this program has had on oyster restoration in the State over the past five years.

The commitment of funds was originally planned to 2010 to coincide with the Chesapeake Bay Program's "Chesapeake 2000" oyster commitment plan. That plan established a goal of increasing oysters 10-fold by 2010. The Capital Oyster Restoration Program was coordinated with this 2010 goal.

It is now widely recognized by the Chesapeake Bay Program partners that the goal of a 10-fold increase will not be met by 2010. Therefore, funding from all sources (Federal, State, private) will be needed beyond 2010.

All funds will be dedicated to oyster restoration implementation operations incorporated in the Department Oyster management Plan documents and routed through the program oyster partners. Capital Funds will be used to create new on-bottom oyster habitat to increase setting of oyster spat (young oysters) and to increase the oyster population over time. New habitat will be created by planting shell and non-shell materials, and by restoring productivity of shells impaired by sediment present on many oyster bars. Seed oysters will be produced and planted in areas of new and restored habitat and on protected oyster grounds to increase the oyster population throughout regions of the Maryland portion of the Chesapeake Bay.

Capital funds enabled the creation and improvement of more than 270 acres in both 2004 and 2005. Prior to that period funding was only provided for between 100 and 135 acres per year.

Measurable Impact

The overall oyster biomass indicator for Maryland is below the 1994 baseline starting value and the oyster population overall is quite low. However at sites where restoration projects have been conducted, habitat has been improved and the oyster population enhanced. The ecological benefits of these sites are increased due to the creation of habitat and function of live oysters and their associated benthic community.

Recommended Action

Approve